



**November 20, 2018**

**Item No. 12**

**AUTHORIZATION TO: 1) SUBMIT A DISPOSITION APPLICATION TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) FOR DISPOSITION OF PROPERTY LOCATED AT 955 E. 131<sup>st</sup> STREET; 2) ENTER INTO A 99 YEAR GROUND LEASE WITH CHICAGO HOUSING AUTHORITY COMMUNITY SUPPORT CORPORATION (CHACSC) OR OTHER ENTITY APPROVED BY THE CHICAGO HOUSING AUTHORITY (CHA); 3) ENTER INTO A LEASE FOR THE ALTGELD FAMILY RESOURCE CENTER FOR A TERM OF 30 YEARS; 4) ENTER INTO SUB-LEASES BETWEEN CHA & CENTER FOR NEW HORIZONS AND THE CITY OF CHICAGO; 5) AGREE TO INDEMNIFY THE NEW MARKETS TAX CREDIT (NMTC) INVESTOR(S) AGAINST EVENTS OF RECAPTURE AND ENVIRONMENTAL LIABILITY AS A RESULT OF FINANCING; AND 6) EXECUTE AND DELIVER SUCH OTHER DOCUMENTS AND PERFORM SUCH ACTIONS AS MAY BE NECESSARY OR APPROPRIATE TO IMPLEMENT THE FOREGOING.**

Address: 955 E. 131<sup>st</sup> Street  
Alderman: Anthony Beale Ward: 9

Presenters:  
Ann McKenzie, Chief Development Officer

**Recommendation**

It is recommended that the Chicago Housing Authority's Board of Commissioners (Board) authorize the Chief Executive Officer (CEO) or his designee to: 1) Submit a Disposition Application to HUD for the disposition of property located at 955 E. 131<sup>st</sup> Street; 2) Enter into a 99 year ground lease with the Chicago Housing Authority Community Support Corporation ("CHACSC") or other entity approved by the CHA; 3) Enter into a lease for the Altgeld Family Resource Center for a term of 30 Years; 4) Enter into Sub-Leases between CHA and Center for New Horizons and the City of Chicago; 5) Agree to indemnify the NMTC investor(s) against events of recapture and environmental

liability as a result of financing; and 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The requested action in this item complies in all material respects with all applicable federal, state and local laws and Chicago Housing Authority (CHA) board policies. Staff have completed all necessary due diligence to support the submission of this initiative.

### **Background**

The Altgeld Family Resource Center (AFRC) will be located on CHA-owned land in the Altgeld-Murray housing development area, a 168-acre site containing approximately 1,550 units of housing that is eligible for inclusion on the national register of historic places. The Altgeld-Murray site includes an elementary school, high school, property management hub, and social services office. The AFRC will provide the following amenities to the community:

- 21,000 sq. ft. Early Learning Center
- 9,000 sq. ft. Community Space
- 10,000 sq. ft. Chicago Public Library

#### **The Early Learning Center & Community Facility**

The new center will accommodate up to 130 children with 12 classrooms, a motor skills room, and a music activity space. The facility will provide a parent resource center, indoor recreation space, after school programming, as well as community rooms available for resident and community use.

#### **Library**

The new state of the art library is expected to serve 60,000 visitors a year. Services will include: free homework assistance for students, resume and job seeking support for adults, programming for seniors, offer high speed internet access, Wi-Fi, computer labs, digital lab for teens, and lending wireless hotspots so that patrons can access the internet at home.

#### **Financing**

The Board previously authorized CHA to enter-into a construction contract for the project for approximately \$22 million in hard costs. The Board also approved use of the line of credit CHA has with BMO Harris up to \$8 million to pay for the project.

The Altgeld Family Resource Center was designated under the 2013 Altgeld Murray Master Plan as a much-needed community facility. It will consolidate and expand existing community resources into a state of the art facility and increase the capacity for all. A to-be-formed New Market's Tax Credit eligible entity will own and operate the facility for the community to enjoy and maintain long term leases with the day care provider and Chicago Public Library.

The ownership entity will have to indemnify the NMTC investors against an event of recapture. Indemnification of investors is a customary practice to protect investors from recapture of credits due to non-compliance or default by the owner of the real estate in NMTC transactions. Additionally, CHA, as owner of the land, will also be required to indemnify the NMTC investors against any environmental liability that may result from the presence of environmental contaminants which may be present at the site.

Respectfully Submitted:

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Ann McKenzie  
Chief Development Officer

## **RESOLUTION NO. 2017-CHA-**

**WHEREAS,** the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated November 20, 2018, entitled Authorization to: 1) Submit a Disposition Application to HUD for the disposition of property located at 955 E. 131st Street; 2) Enter into a 99 year ground lease with Chicago Housing Authority Community Support Corporation ("CHACSC") or an entity approved by CHA; 3) Enter into a lease for the Altgeld Family Resource Center for a term of 30 Years; 4) Enter into Sub-Leases between CHA and Center for New Horizons and the City of Chicago; 5) Agree to indemnify the NMTC investor(s) against events of recapture and environmental liability as a result of financing; and 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

**THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:**

**THAT,** the Board of Commissioners authorizes the Chief Executive Officer or his designee to: 1) Submit a Disposition Application to HUD for the disposition of property located at 955 E. 131st Street; 2) Enter into a 99 year ground lease with Chicago Housing Authority Community Support Corporation ("CHACSC") or an entity approved by CHA; 3) Enter into a lease for the Altgeld Family Resource Center for a term of 30 Years; 4) Enter into Sub-Leases between CHA and Center for New Horizons and the City of Chicago; 5) Agree to indemnify the NMTC investor(s) against events of recapture and environmental liability as a result of financing; and 6) Execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

This award is not subject to the Contractor's compliance with CHA's MBE/WBE/DBE/ Section 3 hiring and insurance requirements.

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Eugene E. Jones, Jr.  
Chief Executive Officer  
Chicago Housing Authority